



**City of Santa Barbara**  
Airport Department

**Memorandum**

**DATE:** February 16, 2011  
**TO:** Airport Commission  
**FROM:** Karen Ramsdell, Airport Director  
**SUBJECT:** Fiscal Year 2011 Mid-Year Financial Review

---

**RECOMMENDATION:**

That Commission receive a report on the Fiscal Year 2011 Mid-Year Financial Review of the Airport Department.

Background

A comprehensive analysis of revenues and expenditures from July 1 through December 31, 2010 has been completed on the Airport's various funds. The operating fund, 441, reflects revenues 4.3% greater than projections, and expenditures -12% below budget.

As evidenced by the upward wing in sales tax and TOT, airline passenger traffic is also showing positive trends with 7 out of the last 12 months reflecting increases. Total passenger traffic for the calendar year of 2010 had a 1.2% increase. The mid-year period, traffic is up 2.76% over the prior year. The airline industry is gradually recovering and the airlines project positive outlooks for the balance of the year.

Another aviation indicator is aircraft fuel sales, with general aviation fuel (avgas) up 9.3% from 2009 and jet fuel sales up 4.6%.

Commercial industrial properties are also stable with some growth. The vacancy rate for all rentable square footage is 1.6% and vacant land area is 1.9%.

**FUND 441**

Revenues

Total Airport Department revenues through the first six months of the fiscal year are **\$6,816,950 or 4.3%** above projections. Revenues for this period are 4.2% above the same period in 2010.

While there have been changes in leased properties, at mid-year, **Commercial/Industrial** revenue is **7.3% above target at \$2,134,602**.

**Non-Commercial Aviation** revenue includes a retro charge for an aviation tenant for past due percentage fees. It is anticipated that the full amount will be collected by year end. If this amount is deducted from the total, line of business is still 1.2% above mid-year target at \$565,338. This line item includes the rental received from the Fixed Base Operators, air freight operators, Ampersand, and other general aviation users

The **Airline Terminal** revenues are \$2,638,584 or 7.85% above budget targets. The FY 2011 budget projected occupancy of the new airline terminal in April 2011. This date has been pushed to June, so some of the expected revenues will not be realized.

Similarly **Commercial Aviation** revenue, Airline Terminal building rental and landing fees for the commercial airlines and airfreight, is below projections due to the delay in move-in of the new facility. Overall revenue is \$1,144,257 or -13.2% below target. The Airline Terminal annual square footage rental rate and landing fees were increased effective October 1, 2010 for the first time in three years.

**Other** revenue is below budget due to delays in reimbursements from the **Transportation Security Administration** for payment of security checkpoint costs, but it is anticipated that all reimbursements will be received by year end and the final collection of remediation fees from one of the Fixed Base Operators for hazardous material removal.

### **Expenditures**

Overall Departmental operating expenses of **\$5,453,498** are \$653,580 (12%) below budget.

**Salaries and Benefits** are 4.7% below budget with vacant positions in Patrol and Maintenance. Patrol vacancies are being covered with overtime and hourly employees. Also, salaries for administrative and maintenance staff has been reduced by the 5% and 6.5% furlough savings respectively.

The Airport tracks **Supplies and Services** in four categories: overall supplies and services, ARFF, Engineering reimbursement, and Allocated costs. A variance of -29.6% is found for overall supplies and services. Anticipated operating expenses for the new terminal building have not been used creating a savings in this line item. It is anticipated that **ARFF, Engineering and Allocated Costs** will remain within the budgeted amounts.

The expenses for the parking shuttle operation managed by AMPCO, the parking management company, were placed in the **Special Projects** line item so that costs could be monitored. The total year-to-date amount of \$285,256 is for five months of

expenses. When the December expenses are included in the actual expenditures this line item should be slightly below target.

## Summary

The Airport Department's operating budget is on target and no adjustments are anticipated for the remainder of the year.

CITY OF SANTA BARBARA  
Airport Operating Fund  
Financial Report  
For Month Ended 12/31/10 (50% of Fiscal Year)

Updated 1-11 -2011

	Actual	Adopted	Adopted	Current Y-T-D		
		Budget	Budget	6 mos.	\$	%
	2010	2011	2011-50% of Fiscal Year	Actual	Variance	Variance
<b>Operating Revenue</b>						
Leases						
Commercial & Industrial	\$ 4,157,313	\$ 3,977,000	\$ 1,988,500	\$ 2,134,602	\$ 146,102	7.3%
Non-Commercial Aviation	1,224,915	1,130,675	\$ 565,338	692,525	\$ 127,188	22.5%
Terminal						
Rental Cars( inc land lease for QTA)	2,011,034	1,975,650	\$ 987,825	1,298,775	310,950	31.5%
Parking	2,645,252	2,750,000	\$ 1,375,000	1,266,429	(108,571)	-7.9%
Concessions	121,504	167,500	\$ 83,750	73,380	(10,370)	-12.4%
Terminal sub-total	\$ 4,777,790	\$ 4,893,150	\$ 2,446,575	\$ 2,638,584	\$ 192,009	7.85%
Commercial Aviation						
Building	1,118,064	1,579,000	789,500	605,901	(183,599)	-23.3%
Landing Fees	994,224	1,038,000	519,000	520,769	1,769	0.3%
Landing Fees (Freight/Charter)	34,206	20,000	10,000	17,587	7,587	75.9%
Commercial aviation sub-total	2,146,494	2,637,000	1,318,500	1,144,257	(174,243)	-13.2%
Total Leases	\$ 12,306,512	\$ 12,637,825	\$ 6,318,913	\$ 6,609,968	\$ 291,056	4.61%
Other						
Interest Income	278,238	231,100	115,550	124,848	9,298	8.0%
TSA Reimbursement	163,286	163,052	81,526	68,446	(13,080)	-16.0%
Other	40,081	33,600	16,800	13,688	(3,112)	-18.5%
Other sub-total	481,605	427,752	213,876	206,982	(6,894)	-3.22%
<b>Total Operating Revenue</b>	<b>\$ 12,788,117</b>	<b>\$ 13,065,577</b>	<b>\$ 6,532,789</b>	<b>\$ 6,816,950</b>	<b>\$ 284,162</b>	<b>4.3%</b>
<b>Operating Expenses</b>						
Salaries & Benefits	4,743,101	5,080,061	2,540,031	2,363,467	-176,564	-7.5%
Furlough Savings	(115,172)	(166,878)	(83,439)	-61,269	22,170	-36.2%
Supplies & Services (1)	2,719,117	2,984,112	1,492,056	1,150,998	-341,058	-29.6%
ARFF	1,766,450	1,805,064	902,532	902,532	0	0.0%
Engineering	339,508	342,013	171,007	182,677	11,671	6.4%
Special Project (2)	607,062	912,307	456,154	285,256	-170,898	-59.9%
Equipment	28,377	24,610	12,305	14,420	2,115	14.7%
Allocated Costs	1,310,394	1,232,866	616,433	615,417	-1,016	-0.2%
<b>Total Operating Expenses</b>	<b>\$ 11,351,895</b>	<b>\$ 12,214,155</b>	<b>\$ 6,107,078</b>	<b>\$ 5,453,498</b>	<b>\$ (653,580)</b>	<b>-12.0%</b>
Net operating gain / (loss)		\$ 851,422	\$ 425,711	\$ 1,363,452	\$ 937,741	

### Notes:

Budget estimates for 2011 include operation in the New Terminal Building for April 2011 through June 30, 2011.

Special Project:AMPCO parking shuttle operation+ \$160,000 for Airport Survey

Non-commercial aviation: \$110,985 retro -percentage fees billed for Stratman but not collected.